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January 19, 2010

Secretary, Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551  
Attention: Ms. Jennifer J. Johnson

Re: Docket No. R-1378

Ladies and Gentlemen:

On November 13, 2009, the Federal Reserve Board ("FRB") published an interim final rule amending Regulation Z ("Reg Z"), which implements the Helping Families Save Their Homes Act of 2009 ("the Act"). In Docket No. R-1378 of the Federal Register, the FRB requested written comments on the interim final rules implementing the Act.

Wells Fargo & Company and its affiliates ("Wells Fargo"), including Wells Fargo Bank, N.A., and Wachovia Bank, N.A., appreciate the opportunity to provide written comments in response to the FRB's invitation. Wells Fargo is a leading originator, purchaser and servicer of residential mortgage loans, and one of the nation's leading financial services companies. Wells Fargo is committed to mortgage lending that helps customers succeed financially, and to fair and responsible lending principles that result in customers receiving the information they need to manage their finances proactively and responsibly.

Wells Fargo applauds the FRB's efforts to establish rules to clarify numerous areas within the Act including, but not limited to, the exception for covered persons who own legal title to the mortgage loan for a very short period of time; the exception for most warehouse lending repurchase agreements; and the clarification for disclosure of the recording location of the transfer of debt.

There are a few areas for which Wells Fargo encourages the FRB to consider further clarifications:

**Topic 1: Holding legal title to a mortgage loan for less than 30 days. Section 226.39(c)**

The interim final rule establishes that a covered person is not required to provide a disclosure if the covered person sells or otherwise transfers the mortgage loan on or before the 30<sup>th</sup> day after acquiring it. This exception recognizes the fact that mortgage loans are routinely sold or transferred to different entities numerous times shortly after origination. Without this exception, borrowers were receiving multiple notices within a short period of time, each from a different

entity. They were potentially receiving these notices in an order inconsistent with the order of the transfers, thereby creating the substantial likelihood for borrower confusion. It is Wells Fargo's belief that extending the timeframe for the exception so as not to require a disclosure if the covered person sells or otherwise transfers the mortgage loan on or before the 90<sup>th</sup> day after acquiring it, would eliminate the vast majority of confusing and meaningless disclosures borrowers may otherwise receive. While some short term sales occur within 30 days of the mortgage loan's acquisition, it is Wells Fargo's experience that in many cases the 30 day timeframe is too short and will fail to capture many transfers that occur immediately after origination. A change to the 90<sup>th</sup> day after acquisition would eliminate substantially all of the risk of confusing borrowers with this information.

**Topic 2: Mergers, Corporate Acquisitions or Reorganizations. Official Staff Interpretations, Section 226.39(a)(1), paragraph 4**

The FRB establishes in the Official Staff Interpretations that disclosures are required under Section 226.39 when, as a result of a merger, corporate acquisition, or reorganization the ownership of a mortgage loan is transferred to a different legal entity. Wells Fargo encourages the FRB to consider excepting the merger of entities from this requirement in a similar manner to the exception afforded servicing transfer notices under the Real Estate Settlement Procedures Act's implementing Regulation X<sup>1</sup>. In the case where two or more entities are simply merged into one, with no accompanying change in the servicing of the mortgage loan (including the payee, account number, address for making loan payments or amount due), it will be extremely confusing to consumers to receive a notice stating that the ownership of their mortgage loan has changed. More accurately, a merger results in a mortgage loan asset being *combined with* the assets of another entity, rather than sold or transferred. Notice of a combining of assets provides no meaningful information to a borrower, but is highly likely to create unnecessary confusion and concern. Wells Fargo believes that the elimination of the reference to "merger" in this section of the Official Staff Interpretations will substantially reduce instances of unnecessary borrower confusion.

**Topic 3: Disclosure of Agent authorized to receive legal notices. Section 226.39(d)(3)**

The Act provides that the new creditor must disclose how to reach an agent or party having authority to act on behalf of the new creditor. The interim rule significantly expands this requirement, by requiring the identification of the agent authorized to receive "legal notices" on behalf of the covered person. In the Supplemental Information section of the Federal Register, under Article IV - Section-by-Section Analysis, the FRB notes that the intent of this requirement is to ensure that borrowers have sufficient information to assert legal claims such as the right to rescind. The term "legal notice" is not further defined. There are a wide variety of legal notices which a borrower may need to give the owner of the mortgage loan. Promissory notes and/or security instruments contain contractual instructions for borrowers on how and where to give notice to the lender in connection with claims under the loan documents. In the Notice of Right to Rescind, required under another section of Reg Z<sup>2</sup>, the lender is required to give the borrower written instructions on how to exercise the right to rescind, including the creditor's address to which the notice must be returned. For notices relating to most other matters, the

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<sup>1</sup> See 24 CFR 3500.21(d).

<sup>2</sup> See 12 CFR 226.23.

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borrower's billing statement directs the borrower to contact his or her mortgage loan servicer. The borrower already receives ample information and direction about where to send legal notices in connection with the mortgage loan, including the right to rescind. Efforts to disclose an agent for "legal notices" in the ownership transfer disclosure, in addition to other direction the borrower receives, will result in the borrower misunderstanding which notice is to be sent to which location, and may unnecessarily delay the receipt of time-sensitive information, thereby damaging borrowers' and lenders' interests. Wells Fargo strongly encourages the FRB to eliminate from the rule the requirement to identify an agent specific to the receipt of "legal notices" within this disclosure.

Wells Fargo thanks the FRB for the opportunity to provide comments on this interim final rule. If you have any questions or would like to discuss our comments, you can contact me at (515) 213-4572.

Sincerely,



David L. Moskowitz  
Deputy General Counsel  
Wells Fargo & Company